

December 15, 2005: NORTON BILL GETS HOUSE APPROVAL FOR MID-YEAR D.C. BUDGET AUTONOMY

FOR IMMEDIATE RELEASE

December 15, 2005 NORTON BILL GETS HOUSE APPROVAL FOR MID-YEAR D.C. BUDGET AUTONOMY EXPECTED ALSO TO PASS THE SENATE

Washington, DC—Congresswoman Eleanor Holmes Norton (D-DC) got a major budget autonomy provision passed last night as part of the D.C. Omnibus Authorization Act of 2005, sponsored by Norton and Government Reform Committee Chairman Tom Davis (R-VA). The bill is a collection of provisions that have been approved or passed by the District, but must come to Congress before becoming law. Among several important provisions in the bill, Norton said that the most important by far is a provision she has long sought for the District to spend local funds without coming back to Congress for approval through the congressional mid-year supplemental appropriations process. The bill also includes many other vital provisions, including greater city control of reserve funds and a section strengthening the chief financial officer, as approved by the Council.

Norton said, "It is impossible to overestimate the hardship to this or any city of being unable to carry on normal business and engage in fiscal transactions—from spending funds in the bank for vital city needs to floating baseball stadium bonds—without coming to Congress," Norton said. "Budget autonomy from the congressional supplemental process essentially enacts part of the D.C. Budget Autonomy Act that Chairman Davis and I have introduced to give the District greater freedom from the annual congressional appropriations process that redundantly requires the District's balanced budget to come to the Congress before it becomes effective." Norton expects the Davis-Norton Budget Autonomy bill to pass during the congressional session continuing next year.

Along with the mid-year budget autonomy provision, two other sections stand out. The bill allows the District far greater use of emergency and contingency reserve funds (up to 50%), with specific procedures for reimbursement. Norton said that the District's sound fiscal practices and unique congressional limitations not found anywhere else in the country, have led to a reserve fund "that would be the envy of most jurisdictions." In the meantime, Norton said, "residents watch the neglect of basic services while the District grows an ever larger reserve fund that cannot be tapped. There is special outrage that many of our children attend dilapidated public schools, some as old as I am and that I remember well when I was in school here as a child."

The bill also gives the District's chief financial officer a term and incorporates other features, strengthening the office that were approved by the Council several years ago, confirms the CFO's personnel and procurement authority, and preserves the collective bargaining rights of CFO employees. Norton, who managed the bill on the floor last night, offered a statement that explained the bill's major features. Her statement follows.

I thank my good friend, Chairman Tom Davis, for his leadership and for working of Columbia Omnibus Authorization Act on a Home Rule basis. I also want to thank the Chairman for getting this important bill to the floor before we adjourn this month.

The D.C. Omnibus Authorization Act is a welcome committee innovation designed to achieve greater efficiency in handling District of Columbia matters, most of which are of little importance or concern to Congress but must come to Congress only because they or similar issues appear in the city charter and cannot become D.C. law until sanctioned by congressional action. All of the provisions in this bill have been passed or approved by the District of Columbia.

Of the many provisions in the Act, three are particularly important—(1) a provision allowing greater budget flexibility for the city to carry out necessary business, (2) a section permitting the District to spend more of its reserve funds, and (3) a third measure strengthening the office of Chief Financial Officer. First, the bill alters the semi-annual requirement that the District come to Congress to become a part of the federal supplemental before the city can spend tax revenue that is collected after the annual appropriations bill has been enacted. I am grateful that the appropriators, Chairmen Lewis and Cochran and District of Columbia Chairs and Ranking Members Knollenberg, Olver, Brownback and Landrieu, have agreed with the authorizers that this change is beneficial both to the Congress and to the District. Although funds inevitably come in all year as taxes are paid by residents and businesses, D.C. cannot spend these funds for vital services even though similar expenditures have been approved by Congress in the prior appropriations bills. This limitation applies to any unauthorized amount, even bonds the city must issue. We saw the perils of this requirement when there was a fear that bonds for the baseball stadium would be held up. The press, seeing the D.C. baseball stadium in the 2005 war supplemental, repeatedly and gleefully reported that Congress (and not D.C.) was building a baseball stadium and had put this provision in a vital bill intended to fund defense. This provision also removes the possibilities of such unintended effects. Of great importance to the greater efficiency of both governments, this section moves the District toward the long-time goal of budget autonomy over its own taxpayer raised funds because it allows the District to spend up to 6 percent of its own money between appropriation bills without coming back to Congress mid-year during the supplemental process. Under existing law and constitutional interpretation, congressional jurisdiction to

change any D.C. matter remains, under this provision Congress loses nothing while the District gains much that is necessary to run a big city.

Second, Mr. Speaker, because of its prudence, the District now has emergency reserve and contingency funds that would be the envy of most jurisdictions, and Congress has reinforced these savings with unique requirements not found anywhere else in the country. In the meantime, residents watch the neglect of basic services while the District grows an ever larger reserve fund that cannot be tapped. There is special outrage that many of our children attend dilapidated public schools, some as old as I am and that I remember well when I was in school here as a child. This provision authorizes the District to borrow up to 50% of the fund balance from the emergency and contingency reserve funds through the end of 2007, provided that the fund is reimbursed within nine months of the borrowing or by the end of the fiscal year in which the money is borrowed.

Third, although the city's Chief Financial Officer is a city, not a federal official, and is appointed by the Mayor, the provision for this office is in the charter. Therefore, even the pending D.C. Council action to strengthen the office of CFO needs congressional sanction, even though the provision makes an already strong official even more independent by giving him a term of five years with dismissal only for cause by the Mayor, subject to the approval of the Council by a resolution approved by at least two-thirds of its members. The bill also confirms the CFO's personnel and procurement authority under D.C. law and confirms that the collective bargaining rights of CFO employees are preserved.

Finally, another important provision bears mentioning because it helps preserve the justice system in case of emergency. This provision allows the D.C. Courts to conduct business outside of the District in case of an emergency.

I appreciate that the House has moved this important bill forward so that it may obtain early passage in the Senate, where its provisions have strong support. Mr. Speaker, I strongly urge my colleagues to support this bill.